GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:285
ANSWERED ON:16.03.2001
CLOSURE OF RURAL BRANCHES OF PUBLIC SECTOR BANKS
A.P. JITHENDER REDDY

Will the Minister of FINANCE be pleased to state:

(a) whether many the public sector banks in the country have closed down their branches in rural areas in the last few years;

(b) if so, the details thereof alongwith the number of bank branches closed during the last three years;

(c) the reasons for their closure;

(d) whether the closure of bank branches in rural areas have adversely affected agriculturists and rural people; and

(e) if so, the action taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a),(b),(c),(d) & (e): A Statement is laid on the Table of the House.

STATEMENT LAID ON THE TABLE OF LOK SABHA IN REPLY TO PARTS (A) TO (E) OF STARRED QUESTION NO.285 ANSWER ON 16TH MARCH, 2001 TABLED BY SHRI A.P.JITHENDER REDDY, M.P. REGARDING `CLOSURE OF R BRANCHES OF PUBLIC SECTOR BANKS`.

(a) & (b): The number of branches in rural areas of public sector banks which have been closed/merged/converted during the last three years is as under:

1st April to 31st March	No. of Branches closed
1997-98	11
1998-99	10
1999-2000	37

(c) : Under the liberalized policy, banks were allowed to close their loss-making rural branches at centers having two or more branches of commercial banks functioning at that center (excluding Regional Rural Banks) on mutual consultation. Further, banks have also been allowed to shift their rural branches under the following conditions with approval of RBI:

(i) branches being shifted are in existence for five years or more and are incurring losses consecutively for the last three years

(ii) branches located at centers suffering from certain natural risks beyond the control of the bank, such as those which are prone to floods, landslides or likely to be submerged due to construction of dams or affected by natural calamities etc.

(iii) branches functioning in places where law and order problem or terrorist activities posing threats to bank personnel and property

(iv) branches where the premises occupied by the bank are in a dilapidated condition or burnt/destroyed and no suitable premises are available at the center/block/service area

Recently, under Reconstruction plan of weak banks approved by Government and Reserve Bank of India, these banks were also allowed to close some of their loss making rural branches within the above policy.

(d) & (e): As per the existing policy of RBI on branch licencing, while closure of a single branch of a bank in a rural area is not allowed, they are permitted to convert the branch into satellite office which functions for 2/3 days in a week so as to provide banking facilities to the customers at that center. Also, new branches are being opened at some rural centers. As such it is ensured that people in the rural areas continue to have access to banking facilities. Through the operation of various schemes and initiatives, the credit needs of rural areas and agriculture are being met by commercial banks, Regional Rural Banks and Co-operative banks.